

Exhibit 17

Excerpts of July 15, 2014 G. Malhotra Deposition Transcript

<p style="text-align: right;">Page 1</p> <p>1</p> <p>2 UNITED STATES BANKRUPTCY COURT</p> <p>3 FOR THE EASTERN DISTRICT OF MICHIGAN</p> <p>4 - - -</p> <p>5 In Re:) Chapter 9</p> <p>6</p> <p>7 City of Detroit, Michigan,)</p> <p>8</p> <p>9 Debtor.) Hon. Steven Rhodes</p> <p>10 _____</p> <p>11</p> <p>12</p> <p>13</p> <p>14 The videotaped deposition of GAURAV MALHOTRA</p> <p>15 Taken at 51 Louisiana Avenue, N.E.</p> <p>16 Washington, D.C.</p> <p>17 Commencing at 9:09 a.m.</p> <p>18 Tuesday, July 15, 2014</p> <p>19 Before: Gail L. Inghram Verbano</p> <p>20 Registered Diplomate Reporter,</p> <p>21 Certified Realtime Reporter,</p> <p>22 Certified Shorthand Reporter-CA (No. 8635)</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 3</p> <p>1</p> <p>2 HEATHER J. HUBBARD, ESQ.</p> <p>3 WALLER LANSDEN DORTCH & DAVIS, LLP</p> <p>4 511 Union Street, Suite 2700</p> <p>5 Nashville, Tennessee 37219</p> <p>6 Appearing on behalf of U.S. Bank.</p> <p>7</p> <p>8</p> <p>9</p> <p>10 SAM J. ALBERTS, ESQ.</p> <p>11 DENTONS US, LLP</p> <p>12 1301 K Street, N.W.</p> <p>13 Suite 600, East Tower</p> <p>14 Washington, D.C. 20005</p> <p>15 Appearing on behalf of the Retiree Committee.</p> <p>16</p> <p>17</p> <p>18</p> <p>19 DOUGLAS G. SMITH, P.C.</p> <p>20 KIRKLAND & ELLIS, LLP</p> <p>21 300 North LaSalle</p> <p>22 Chicago, Illinois 60654</p> <p>23 Appearing on behalf of Syncora Guarantee, Inc.,</p> <p>24 and Syncora Capital Assurance, Inc..</p> <p>25</p>
<p style="text-align: right;">Page 2</p> <p>1</p> <p>2 APPEARANCES:</p> <p>3</p> <p>4 RONALD A. KING, ESQ.</p> <p>5 FRANK J. GUADAGNINO, ESQ. (Pittsburgh Office)</p> <p>6 CLARK HILL, PLC</p> <p>7 212 East Grand River Avenue</p> <p>8 Lansing, Michigan 48906</p> <p>9 Appearing on behalf of the Retirement Systems</p> <p>10 for the City of Detroit.</p> <p>11</p> <p>12</p> <p>13</p> <p>14 GEOFFREY S. STEWART, ESQ.,</p> <p>15 CHRISTOPHER DiPOMPEO, ESQ.,</p> <p>16 SARAH A. HUNGER, ESQ.</p> <p>17 JONES DAY</p> <p>18 51 Louisiana Avenue, N.W.</p> <p>19 Washington, D.C. 20001</p> <p>20 Appearing on behalf of the Debtor and the Witness.</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1</p> <p>2 KELLY DiBLASI, ESQ.</p> <p>3 WEIL, GOTSHAL & MANGES, LLP</p> <p>4 767 Fifth Avenue</p> <p>5 New York City, New York 10153</p> <p>6 Appearing on behalf of Financial Guaranty</p> <p>7 Insurance Company.</p> <p>8</p> <p>9</p> <p>10</p> <p>11 MICHAEL BHARGAVA, ESQ.</p> <p>12 CHADBOURNE & PARKE, LLP</p> <p>13 1200 New Hampshire Avenue, NW</p> <p>14 Washington, D.C. 20036</p> <p>15 Appearing on behalf of Creditor Assured</p> <p>16 Guaranty.</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

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<p style="text-align: right;">Page 113</p> <p>1 MALHOTRA</p> <p>2 Q. Does the baseline forecast include any</p> <p>3 cost savings the City has received as a result of</p> <p>4 the breathing spell provided by the bankruptcy</p> <p>5 petition?</p> <p>6 A. The baseline model was used to reflect a</p> <p>7 no-bankruptcy scenario and did incorporate the</p> <p>8 10 percent wage cut that the employees have</p> <p>9 already taken. So that was already reflected in</p> <p>10 the baseline.</p> <p>11 Q. And the baseline scenario is not</p> <p>12 intended to be a measure of what happens if the</p> <p>13 bankruptcy petition is dismissed; correct?</p> <p>14 A. Well, you have to look at the individual</p> <p>15 line items, because I would say some of those line</p> <p>16 items, it will be reflective of what happens maybe</p> <p>17 if the bankruptcy proceedings are dismissed.</p> <p>18 Q. And some of the line items in the</p> <p>19 baseline scenario will not be reflective of what</p> <p>20 happens if the bankruptcy petition is dismissed;</p> <p>21 correct?</p> <p>22 A. I would have to think through which of</p> <p>23 those line items will and will not get impacted by</p> <p>24 the bankruptcy proceeding. So some will; some</p> <p>25 will not.</p>	<p style="text-align: right;">Page 115</p> <p>1 MALHOTRA</p> <p>2 A. You should ask KPMG that.</p> <p>3 Q. Are they responsible for auditing the</p> <p>4 City's financial data?</p> <p>5 A. They are.</p> <p>6 Q. You don't dispute that the City could</p> <p>7 continue to cut costs if the bankruptcy petition</p> <p>8 were dismissed; correct?</p> <p>9 A. Could you ask me that again, please.</p> <p>10 Q. There are cost-cutting measures the City</p> <p>11 could take if the bankruptcy petition were</p> <p>12 dismissed; correct?</p> <p>13 A. Like what?</p> <p>14 Q. Well, it could reduce headcount. That's</p> <p>15 one; correct?</p> <p>16 A. Unlikely. The City is already at a low</p> <p>17 point in terms of the amount of headcount it</p> <p>18 already has.</p> <p>19 Q. Well, here's some things that could</p> <p>20 happen. You could privatize some of the City</p> <p>21 services if the bankruptcy petition were</p> <p>22 dismissed; correct?</p> <p>23 A. I don't know about that. Again, I mean,</p> <p>24 I don't know if the City can cut more costs now.</p> <p>25 Q. You haven't been asked to do any</p>
<p style="text-align: right;">Page 114</p> <p>1 MALHOTRA</p> <p>2 Q. But, overall, you would have to make</p> <p>3 changes to the baseline scenario to create a</p> <p>4 scenario where you had the bankruptcy petition</p> <p>5 dismissed; is that fair?</p> <p>6 A. I don't know. I would have to look at</p> <p>7 this. It would be easier to have the baseline in</p> <p>8 front of me. I would have to look at it to say</p> <p>9 whether we would have to change the entire</p> <p>10 baseline or not.</p> <p>11 Q. There have been times where you received</p> <p>12 reports of cash collections from the City that</p> <p>13 were not properly categorized; correct?</p> <p>14 A. Yes.</p> <p>15 Q. And there have been times where you</p> <p>16 received questionable reports regarding accounts</p> <p>17 payable from the City; correct?</p> <p>18 A. When you say "questionable," it's -- I'm</p> <p>19 just -- they were not -- they were not fully</p> <p>20 complete.</p> <p>21 Q. And Ernst & Young still -- you haven't</p> <p>22 audited the City's financial data; correct?</p> <p>23 A. That is correct.</p> <p>24 Q. Would it be possible to audit the City's</p> <p>25 financial data?</p>	<p style="text-align: right;">Page 116</p> <p>1 MALHOTRA</p> <p>2 analysis of the costs and revenues to the City if</p> <p>3 the bankruptcy petition is dismissed; correct?</p> <p>4 A. We do not -- we do not have a scenario</p> <p>5 of what happens if the City's bankruptcy</p> <p>6 proceedings are dismissed; that is correct.</p> <p>7 Q. Have you been party to any conversations</p> <p>8 with the City where there have been discussions</p> <p>9 about what might happen if the bankruptcy petition</p> <p>10 is dismissed?</p> <p>11 A. Not directly, no.</p> <p>12 Q. Do you know if there's any contingency</p> <p>13 planning by the City about what might happen if</p> <p>14 the bankruptcy petition is dismissed?</p> <p>15 A. No.</p> <p>16 Q. Has the City already begun restructuring</p> <p>17 efforts that fall within that restructuring and</p> <p>18 reinvestment plan that your forecast is based on?</p> <p>19 A. Some of the initiatives that are a part</p> <p>20 of the restructuring and reinvestment budget have</p> <p>21 been started already.</p> <p>22 Q. What would those include?</p> <p>23 A. You would have to talk to Conway</p> <p>24 MacKenzie about that, because there's a detailed</p> <p>25 risk of the items that are already -- or John</p>

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<p style="text-align: right;">Page 117</p> <p>1 MALHOTRA</p> <p>2 Hill, actually, of the items that are already</p> <p>3 underway.</p> <p>4 Q. And would the costs and revenues from</p> <p>5 those activities be incorporated in both your</p> <p>6 baseline and your restructuring scenario or not?</p> <p>7 A. No. It's a part of the restructuring</p> <p>8 scenario. We are operating as one scenario now</p> <p>9 that includes the restructuring and reinvestment</p> <p>10 initiatives; so, yes, those costs and -- would be</p> <p>11 a part of the restructuring and reinvestment</p> <p>12 budget as laid out in the plan.</p> <p>13 Q. Okay. But I'm wondering, did you update</p> <p>14 the baseline scenario or not really?</p> <p>15 A. I would have to go back and check, if</p> <p>16 any of the items would be reflective -- what</p> <p>17 change in the baseline. We are much more focused</p> <p>18 on the overall restructuring scenario.</p> <p>19 Q. Okay. So sitting here today, you don't</p> <p>20 know whether or not you've incorporated costs from</p> <p>21 restructuring activities that have already started</p> <p>22 in the baseline scenario?</p> <p>23 A. I would have to go back and look at</p> <p>24 that.</p> <p>25 Q. Okay. Is that apparent on the face of</p>	<p style="text-align: right;">Page 119</p> <p>1 MALHOTRA</p> <p>2 A. The baseline assumes that those billion</p> <p>3 four of expenses are not in the baseline. So</p> <p>4 that's what I'm comfortable telling you, that</p> <p>5 those billion four of expenses are not in the</p> <p>6 baseline.</p> <p>7 Q. You've been working with the City since</p> <p>8 May of 2011; is that correct?</p> <p>9 A. That sounds about right.</p> <p>10 Q. And you know that there was a financial</p> <p>11 stability agreement between the State and the</p> <p>12 City; correct?</p> <p>13 A. That is correct.</p> <p>14 Q. And that was a consent agreement between</p> <p>15 the State and the City; correct?</p> <p>16 A. And the city Council. Yes.</p> <p>17 Q. And the financial stability agreement</p> <p>18 imposed mutual obligations on the City and the</p> <p>19 State to try to help restructure the City's</p> <p>20 financial situation; correct?</p> <p>21 A. There were some annex additions that</p> <p>22 were a part of the agreement in which both the</p> <p>23 State and the City had certain obligations, yes.</p> <p>24 Q. And did the financial stability</p> <p>25 agreement establish the financial advisory board</p>
<p style="text-align: right;">Page 118</p> <p>1 MALHOTRA</p> <p>2 the 10-year and 40-year forecasts? Or do you have</p> <p>3 to go back to the Excel spreadsheets or some other</p> <p>4 source to figure that out? Or is it something</p> <p>5 that Conway MacKenzie would have to tell you?</p> <p>6 A. I'm just thinking. I think the -- it</p> <p>7 would be in the overall restructuring and</p> <p>8 reinvestment scenario, because the timing of some</p> <p>9 of the expenses had changed. So my guess is that</p> <p>10 it would be reflective in the update, to the best</p> <p>11 of our ability.</p> <p>12 Q. And -- but would it be in the update of</p> <p>13 the baseline scenario?</p> <p>14 A. I don't think it would be in the</p> <p>15 baseline cells, but we are -- like I said, we are</p> <p>16 looking at this as one restructuring scenario. It</p> <p>17 continues to be the focus.</p> <p>18 Q. But your assumption in your forecast is</p> <p>19 that there would be no restructuring or</p> <p>20 reinvestment outside of chapter -- if the plan</p> <p>21 were not confirmed; is that fair?</p> <p>22 A. Can you please repeat that.</p> <p>23 Q. Is one of the assumptions of your</p> <p>24 forecast that there would be no restructuring or</p> <p>25 reinvestment if the plan were not confirmed?</p>	<p style="text-align: right;">Page 120</p> <p>1 MALHOTRA</p> <p>2 and revenue conferences that are still ongoing?</p> <p>3 A. I think it was a part of the financial</p> <p>4 stability agreement, yes.</p> <p>5 Q. And the City agreed to operational</p> <p>6 reforms in the financial stability agreement?</p> <p>7 A. Yes. There were some operations</p> <p>8 changes. I don't recall which ones, but --</p> <p>9 Q. And then the emergency manager was</p> <p>10 appointed by the State; correct?</p> <p>11 A. Yes.</p> <p>12 Q. And the emergency manager put together</p> <p>13 an operating plan. Do you recall that?</p> <p>14 A. I do.</p> <p>15 Q. That was around May of 2013; correct?</p> <p>16 A. I don't remember the exact date.</p> <p>17 Q. And you agreed that the emergency</p> <p>18 manager had indicated that the financial stability</p> <p>19 agreement was the starting point for the emergency</p> <p>20 manager's plan?</p> <p>21 A. I do not recall that.</p> <p>22 Q. Do you agree that the emergency</p> <p>23 manager's operational plan, that was produced</p> <p>24 before the City went into bankruptcy; correct?</p> <p>25 A. That is correct.</p>

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